



Financial Statements
December 31, 2025 and 2024

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Nonprofit Accounting & Consulting Specialists

Independent Auditors' Report

Board of Directors
Friends of Katahdin Woods & Waters
Portland, Maine

Opinion

We have audited the accompanying consolidated financial statements of Friends of Katahdin Woods & Waters (the "Organization"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Katahdin Woods & Waters as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of Katahdin Woods & Waters and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Katahdin Woods & Waters' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Friends of Katahdin Woods & Waters' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Katahdin Woods & Waters' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

As stated in the opinion section of this report, the financial statements of Friends of Katahdin Woods & Waters present fairly, in all material respects, the financial position of Friends of Katahdin Woods & Waters as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PGM, LLC
Biddeford, Maine
June 15, 2026

Statements of Financial Position

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 814,481	\$ 871,968
Grants and contracts receivable	121,000	62,764
Unconditional promises to give receivable- current portion, net	224,150	245,167
Total Current Assets	<u>1,159,631</u>	<u>1,179,899</u>
Property and Equipment		
Buildings	203,475	203,475
Equipment	3,827	3,827
	<u>207,302</u>	<u>207,302</u>
Less accumulated depreciation	(43,351)	(38,133)
Property and Equipment, Net	<u>163,951</u>	<u>169,169</u>
Other Assets		
Unconditional promises to give receivable, long term	5,000	209,108
Security deposit	675	675
Total Other Assets	<u>5,675</u>	<u>209,783</u>
Total Assets	<u>\$ 1,329,257</u>	<u>\$ 1,558,851</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 46,168	\$ 215,795
Accrued payroll and payroll taxes	36,783	55,278
Deferred revenue	215,855	45,000
Total Current Liabilities	<u>298,806</u>	<u>316,073</u>
Net Assets		
Without donor restrictions	716,172	656,784
With donor restrictions	314,279	585,994
Total Net Assets	<u>1,030,451</u>	<u>1,242,778</u>
Total Liabilities and Net Assets	<u>\$ 1,329,257</u>	<u>\$ 1,558,851</u>

The accompanying notes are an integral part of these financial statements.

Statement of Activities

Year Ended December 31, 2025

	Without donor restrictions	With donor restrictions	Total
Revenue and Other Support			
Grants	\$ 308,523	\$ 156,755	\$ 465,278
Service contracts	83,002		83,002
Contributions	387,831	20,000	407,831
Events revenue less direct expenses of \$34,315	69,530		69,530
In-kind	5,031		5,031
Interest income	3,310		3,310
Total Revenue and Other Support - Before Net Assets Released From Restriction	857,227	176,755	1,033,982
Net Assets Released From Restriction			
Satisfaction of time and purpose restrictions	448,470	(448,470)	
Total Revenue and Other Support	1,305,697	(271,715)	1,033,982
Expenses			
Program services	774,411		774,411
General and administrative	265,284		265,284
Fundraising	206,614		206,614
Total Expenses	1,246,309		1,246,309
Change in Total Net Assets	59,388	(271,715)	(212,327)
Net Assets, Beginning of Year	656,784	585,994	1,242,778
Net Assets, End of Year	\$ 716,172	\$ 314,279	\$ 1,030,451

Statement of Activities

Year Ended December 31, 2024

	Without donor restrictions	With donor restrictions	Total
Revenue and Other Support			
Grants	\$ 224,237	\$ 136,240	\$ 360,477
Service contracts	130,120		130,120
Contributions	454,432	1,753,166	2,207,598
Events revenue less direct expenses of \$25,302	85,812		85,812
In-kind	14,084		14,084
Interest income	1,471		1,471
Total Revenue and Other Support - Before Net Assets Released From Restriction	910,156	1,889,406	2,799,562
Net Assets Released From Restriction			
Satisfaction of time and purpose restrictions	2,845,772	(2,845,772)	
Total Revenue and Other Support	3,755,928	(956,366)	2,799,562
Expenses			
Program services	3,025,055		3,025,055
General and administrative	333,691		333,691
Fundraising	334,756		334,756
Total Expenses	3,693,502		3,693,502
Change in Net Assets	62,426	(956,366)	(893,940)
Net Assets, Beginning of Year	594,358	1,542,360	2,136,718
Net Assets, End of Year	\$ 656,784	\$ 585,994	\$ 1,242,778

Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services	General and Administrative	Fundraising	Total
Personnel				
Salaries & wages	\$ 206,495	\$ 166,934	\$ 111,564	\$ 484,993
Payroll taxes	17,504	14,670	9,245	41,419
Benefits	29,950	22,351	16,021	68,322
Total Personnel	253,949	203,955	136,830	594,734
Professional Fees				
Management consultant	6,500			6,500
Accounting		16,600		16,600
Event contractors	750			750
Educators	7,267			7,267
Database		1,350		1,350
Payroll processing		2,065		2,065
Total Professional Fees	14,517	20,015		34,532
Other Expenses				
Rent & utilities		14,308		14,308
Facility	29,888			29,888
Design, construction	279,749		6,500	286,249
Telephone		3,207		3,207
Equipment	240	2,202	100	2,542
Subscriptions	1,286	4,164		5,450
Membership	300	1,980		2,280
Conferences & meetings	3,241	2,773	300	6,314
Insurance		18,534		18,534
Compliance & registration	160	12,664	35	12,859
Printing	1,096		9,008	10,104
Postage	58	628	2,536	3,222
Outreach & communications	15,897		292	16,189
Bank charges & fees	25		2,664	2,689
Office supplies	3,149	286	713	4,148
Food	6,073	1,489	2,794	10,356
Mileage & travel	25,283	2,337	4,612	32,232
Lodging	3,238	2,514	713	6,465
Depreciation	5,218			5,218
Grants to others	113,054	368	24,897	138,319
Merchandise	1,439			1,439
In-kind			5,031	5,031
Total Other Expenses	489,394	67,454	60,195	617,043
Indirect Expenses	16,551	(26,140)	9,589	
Total Expenses	\$ 774,411	\$ 265,284	\$ 206,614	\$ 1,246,309

Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services	General and Administrative	Fundraising	Total
Personnel				
Salaries & wages	\$ 174,292	\$ 203,497	\$ 115,963	\$ 493,752
Payroll taxes	14,118	15,437	8,978	38,533
Benefits	24,427	31,414	16,224	72,065
Total Personnel	212,837	250,348	141,165	604,350
Professional Fees				
Management consultant		17,978	10,000	27,978
Accounting		15,600		15,600
Event contractors			20,531	20,531
Educators	31,058			31,058
Database		1,125		1,125
Payroll processing		2,197		2,197
Total Professional Fees	31,058	36,900	30,531	98,489
Other Expenses				
Rent & utilities		16,631		16,631
Facility	45,891			45,891
Design, construction	1,558,902		3,200	1,562,102
Telephone		3,220		3,220
Equipment	73,718	1,841		75,559
Subscriptions	1,614	3,387		5,001
Membership		1,200		1,200
Conferences & meetings	5,982	3,336	11,197	20,515
Insurance		18,223		18,223
Compliance & registration	202	12,725	280	13,207
Printing	1,792	312	9,480	11,584
Postage	39	417	4,025	4,481
Outreach & communications	12,980		146	13,126
Bank charges & fees		287	2,677	2,964
Office supplies	9,660	770	1,559	11,989
Food	5,797	2,108	44,627	52,532
Mileage & travel	29,584	5,795	8,579	43,958
Lodging	1,046	783	12,068	13,897
Depreciation	5,218			5,218
Grants to others	1,007,284	50	41,259	1,048,593
Merchandise	3,688			3,688
Uncollectible pledges	3,000			3,000
In-kind			14,084	14,084
Total Other Expenses	2,766,397	71,085	153,181	2,990,663
Indirect Expenses	14,763	(24,642)	9,879	
Total Expenses	\$ 3,025,055	\$ 333,691	\$ 334,756	\$ 3,693,502

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	<u>\$ (212,327)</u>	<u>\$ (893,940)</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,218	5,218
Uncollectible pledges		3,000
(Increase) decrease in operating assets:		
Grants and contracts receivable	(58,236)	12,236
Contributions receivable	225,125	(235,231)
(Decrease) increase in operating liabilities:		
Accounts payable	(169,627)	(286,713)
Accrued payroll and payroll taxes	(18,495)	6,332
Deferred revenue	170,855	(69,000)
Total adjustments	<u>154,840</u>	<u>(564,158)</u>
Net cash flows from operating activities	<u>(57,487)</u>	<u>(1,458,098)</u>
Net decrease in cash and cash equivalents	(57,487)	(1,458,098)
Cash and cash equivalents, beginning of year	<u>871,968</u>	<u>2,330,066</u>
Cash and cash equivalents, end of year	<u>\$ 814,481</u>	<u>\$ 871,968</u>

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Friends of Katahdin Woods & Waters (the Organization) is a membership organization made up of individuals who are committed to working alongside the National Park Service to help protect, preserve and promote all that is special about Katahdin Woods and Waters National Monument.

Learn more about the Friends of Katahdin Woods & Waters at www.friendsofkww.org.

Basis of Accounting and Presentation

The financial statements for the Organization have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported, as follows:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and can be used for any purpose designated by the board.

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

Friends of Katahdin Woods & Waters maintains cash accounts with various commercial banks. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At various times throughout the year and at year end, Friends of Katahdin Woods & Waters had cash balances in excess of FDIC insurance. Friends of Katahdin Woods & Waters believes it is not exposed to any significant credit risk on its cash balances. The uninsured balance at December 31, 2025 was approximately \$219,000.

For purposes of the statement of cash flows, Friends of Katahdin Woods & Waters considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Grants and Contracts Receivables

Grants and Contracts Receivables represents amounts due to the Organization for service or other similar revenues. The Organization uses the aging schedule methodology to determine uncollectible accounts receivable on a pooled basis where similar risk characteristics exist. The Organization has evaluated past historical loss information along with customers' financial condition and current economic conditions in determining the credit losses. The Organization deemed no allowance was necessary at December 31, 2025 and 2024.

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Revenue Recognition

Grant and Contract Revenue

Grant and contract revenues are recognized as earned or attributable to the period in which specific terms of the funding agreement are satisfied and to the extent that expenses have been incurred for the purposes specified by the funding source. Grants and contracts for which amounts have been received but are conditioned upon certain performance requirements or incurrence of allowable qualifying expenses or events are recorded as deferred revenue and recognized as revenue when the conditions have been met. Grant and contract revenue earned but not yet received is recorded as grants and contracts receivable. The Organization has multi-year grants funded by non-federal sources. There was no balance remaining on these grants as of December 31, 2025.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

In-Kind Contributions

Contributed nonfinancial assets include donated professional services, supplies, and other in-kind contributions which are recorded at the respective fair values of the good or services received at the date of donation.

Property and Equipment

Property and equipment are stated at cost or estimated fair value if donated. Friends of Katahdin Woods & Waters capitalizes all expenditures in excess of \$1,000 with a life of more than one year. Depreciation of property and equipment is computed on a straight-line basis over their estimated useful lives varying from three to thirty years. Depreciation expense was \$5,218 for the years ended December 31, 2025 and 2024.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Functional Allocation of Expenses

The Organization allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis and are composed of the following:

General and administrative – includes all activities related to the Organization's internal management and accounting for program services.

Fundraising – includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, and payroll taxes, which are allocated on the basis of actual time and effort.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the reporting period. Actual results could differ from these estimates.

Income Taxes

The Organization is classified as a public charity exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

Management has evaluated the Organization's tax positions and concluded that, as of December 31, 2025 and 2024, it has not taken any tax positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization is subject to U.S. federal and state examinations by taxing authorities for three years after the filing of the Organization's return.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2025	2024
Cash and cash equivalents	\$ 719,352	\$ 740,249
Grants and contracts receivable	121,000	62,764
	<u>\$ 840,352</u>	<u>\$ 803,013</u>

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31,

	2025	2024
Within one year	\$ 231,065	\$ 245,167
In one to five years	5,000	229,564
	<u>236,065</u>	<u>474,731</u>
Less discount to net present value at 3%	(6,915)	(20,456)
	<u>\$ 229,150</u>	<u>\$ 454,275</u>

Promises to give appear as follows in the statement of financial position:

	2025	2024
Contributions receivable, net, current portion	\$ 224,150	\$ 245,167
Contributions receivable, long-term	5,000	209,108
	<u>\$ 229,150</u>	<u>\$ 454,275</u>

NOTE 4 – OPERATING LEASE

The Organization leases property in Patten Maine on a month-to-month basis. Rent expense totaled \$10,494 and \$11,414 for the years ended December 31, 2025 and 2024, respectively.

NOTE 5 – DONATED PROFESSIONAL SERVICES AND MATERIALS

The Organization received donated professional services and materials as follows during the years ended December 31:

2025

Donation	Revenue Recognized	Utilization in Program	Donor Restrictions	Valuation Techniques
Various items	\$ 5,031	Fundraising	Silent Auction	Market Value
Total	<u>\$ 5,031</u>			

2024

Donation	Revenue Recognized	Program Utilized	Donor Restrictions	Valuation Techniques
Print and Web Advertisements	\$ 255	Fundraising	None	Market Value
Various items	13,829	Fundraising	Silent Auction	Market Value
Total	<u>\$ 14,084</u>			

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 6 – NET ASSETS

Net assets with donor purpose restrictions are comprised of the following at December 31:

	2025	2024
Capital Campaign	\$ 314,279	\$ 566,333
National Park Service		13,705
Patten House Operations		2,112
Road Maintenance		3,844
Total	<u>\$ 314,279</u>	<u>\$ 585,994</u>

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows for the years ended December 31:

	2025	2024
Capital Campaign	\$ 282,112	\$ 2,705,487
National Park Service	160,402	140,285
Patten House Operations	2,112	
Road Maintenance	3,844	
Total	<u>\$ 448,470</u>	<u>\$ 2,845,772</u>

Releases include amounts for capital items that are not included on the balance sheet of the Organization. These funds have been transferred to the National Park System to be used for the specified purpose.

NOTE 7 – DEFERRED REVENUE

Deferred revenue consists of contributions with the right of return. Changes in deferred revenue for the fiscal years ended December 31 are as follows:

	2024	Contributions	Expenditures	2025
Deferred Grant Revenue	\$ 45,000	\$ 215,855	\$ (45,000)	\$ 215,855
Total	<u>\$ 45,000</u>	<u>\$ 215,855</u>	<u>\$ (45,000)</u>	<u>\$ 215,855</u>
	2023	Contributions	Expenditures	2024
Deferred Grant Revenue	\$ 114,000	\$ 45,000	\$ (114,000)	\$ 45,000
Total	<u>\$ 114,000</u>	<u>\$ 45,000</u>	<u>\$ (114,000)</u>	<u>\$ 45,000</u>

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 8 – DISSAGREGATION OF REVENUE

The following table shows the Organization’s contract revenue disaggregated according to product type/revenue stream and the timing of transfer of goods or services at December 31:

	2025	2024
<i>Revenue Recognized Over Time:</i>		
Fee for service contracts	\$ 83,002	\$ 130,120
Total Contract Revenue Recognized Over Time	<u>83,002</u>	<u>130,120</u>
Total Revenue from Contracts with Customers	<u>\$ 83,002</u>	<u>\$ 130,120</u>

NOTE 9 – CONTRACTS WITH CUSTOMERS

Assets and liabilities related to contracts with customers are as follows:

	2025	2024
Contract assets	<u>\$ -</u>	<u>\$ 51,714</u>

NOTE 10 – RELATED PARTY

Elliotsville Foundation, Inc. (EFI) is the reserved rights holder of Visitor Contact Station. Friends of Katahdin Woods & Waters fundraises for EFI based on a collaboration agreement between the two entities. A board member of Friends of Katahdin Woods and Waters is the President/Executive Director of EPI Monument Projects L3C, which is a wholly owned subsidiary of Elliotsville Foundation, Inc. (the board member is also the ED/Pres of Elliotsville Foundation). Total payments to EPI Monument Projects L3C for 2025 and 2024 were \$434,966 and \$1,812,738, respectively.

NOTE 11 – SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including June 15, 2026, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.